



Rural Development

Iowa State Office

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GET YOUR HOME INSPECTED

KNOW WHAT YOU ARE BUYING!

WHY DO I NEED A HOME INSPECTION?

- AVOID UNEXPECTED REPAIRS AND REPAIR BILLS
- NEGOTIATE DEFICIENCIES DURING THE PURCHASE
- DISCLOSE HEALTH AND SAFETY HAZARDS
- MAKE SURE ALL HOME SYSTEMS ARE OPERATIONAL
- DISCLOSE ENERGY INEFFICIENCIES

WHO CAN INSPECT A HOME?

Inspectors must be a member of one of the following Professional Associations:

- American Society of Home Inspectors (ASHI)
<http://www.ashi.org>
- National Association of Certified Home Inspectors (NACHI)
<http://www.nachi.org/IA>

(Please note - there are different levels of membership, experience, and/or certification within these Associations, and it is the applicant's responsibility to complete their own due diligence regarding qualifications of individual inspectors.)

After the home inspection has been completed, please send a copy to your loan Specialist for their review

HOMEBUYERS:

- Having a home inspection protects you as the buyer. An inspection is the best way to protect you from unexpected home repairs after you buy your home. Home inspectors should go through all the major systems in your home like electrical, roof, plumbing, windows, etc. to make sure all major components are in working order and operational. You should be active in this process and make sure you are fully informed of any deficiencies noted in the inspection report for the home you are buying.
- Applicants are responsible for the cost of the inspection. The inspection cost may be included in the loan or paid by the seller of the property, and should be clearly identified in the body of your purchase agreement. If another party pays for the inspection, you as the buyer should obtain authorization to access the report for your financing purposes. Required repairs identified in the inspection report should be negotiated between the buyer and the seller and specified in your purchase agreement. Your realtor can assist you in locating an inspector, or you can visit the websites noted above.

BASIC INSPECTION REQUIREMENTS

Section 502 Single Family Housing Direct Loan Program

USDA, Rural Development (RD) provides Section 502 Single Family Housing Direct Loans to very low- and low-income- customers in rural areas for the purchase of decent, safe and sanitary housing. Customers may purchase existing or new construction dwellings. Existing dwellings must be considered modest for the area with a maximum square footage of 2,000 sq. ft., structurally sound and functionally adequate, and must be in good repair or can be placed in good repair with loan funds. In addition, the property must not be designed for income producing activities nor have an in-ground swimming pool. New construction dwellings must meet construction standards established by the Agency. All dwellings must be inspected to ensure that Agency standards are met prior to final disbursement of loan funds.

- Existing dwellings require a property visit for initial program suitability. If repairs are necessary additional inspections (Repair/Rehabilitation Inspection) will be required.
(NOTE: In rare circumstances an inspection could reveal that the property did not meet program requirements and cause a transaction to fall through. For these cases only, the Agency may cover the cost of the suitability inspection instead of the applicant.)
- A new construction dwelling requires two inspections (footing and framed-in), but could require more depending on the nature of the construction contract. The final inspection will be performed by Rural Development for repairs and new construction.

INSPECTION REQUIREMENTS

1. Initial Program Site Suitability Inspection (Existing dwellings)

Complete program suitability inspections to include:

- A. Evaluation of the dwelling and/or site to determine whether, with any planned construction or rehabilitation, it appears the property will meet the Agency's site and dwelling requirements.
- B. Color photos of the interior, exterior and street scene of all properties must be attached to the inspection report.

2. New Construction Inspections (New dwelling and additions to existing dwelling)

Inspections must be documented on Form RD, 1924-12, Inspection Report, with a photo attached. (Please contact us for a copy of this form)

The form must also indicate the percentage of work completed in the designated box.



For guidance in completing the percentage section of this form, refer to RD instruction 1924-A, Exhibit A.

Phase inspections are required as follows:

- A. Footings – The initial inspection made just prior to or during the placement of concrete footings or monolithic footings and floor slabs.
- B. Framed-in – The inspection will be made when the building is enclosed, structural members are still exposed, roughing in for heating, plumbing, and electrical work is in place and visible, and wall insulation and vapor barriers are installed.

3. Repair / Rehabilitation Inspection – 502 Existing Dwellings inspection of completed repair work.

- A. Form 1924-12, Inspection Report, must be completed to document completion of required repairs. Several inspections may be required, but at a minimum a final inspection of all repair work is required. The final inspection report must be signed by the inspector and the RD customer.
- B. Clear color photos must be provided showing evidence that repair items have been completed.

REQUIRED EVIDENCE OF PROFESSIONAL EXPERTISE

Property evaluators and construction inspectors must be a member of one of the following:

- American Society of Home Inspectors (ASHI)
<http://www.ashi.org>
- National Association of Certified Home Inspectors (NACHI)
<http://www.nachi.org/IA>

It is also preferable that inspectors of New Construction dwellings be State-licensed and inspect properties according to a model code acceptable to the Agency, and is certified by one of the following:

- (1) International Council of Building Officials (ICBO);
- (2) Southern Building Code Congress International, Inc. (SBCCI);
- (3) Building Officials and Code Administrators International, Inc. (BOCA); and/or
- (4) Council of American Building Officials (CABO).

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